

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

WINFIELD SOLUTIONS, LLC,

Plaintiff,

v.

ORDER

20-cv-103-wmc

PATRICK JOSEPH PLACE and
BRIAN SCOTT SWANSON,

Defendants.

Plaintiff Winfield Solutions, LLC, initially brought this case against four defendants, alleging violations of the Wisconsin Fraudulent Transfer Act, Wis. Stat. Ch. 242. After the case was filed, two of the defendants filed for bankruptcy and became subject to an automatic bankruptcy stay. After this court dismissed defendants without prejudice, the court allowed plaintiff to proceed against the remaining two defendants, as captioned above. (Dkt. #5.) However, plaintiff has now informed the court that it believes the remaining two defendants are also subject to the automatic bankruptcy stay. (Dkt. #6.)

Generally, a bankruptcy stay does not protect non-debtor parties, including claims against codefendants. *See* 3 Collier on Bankruptcy P 362.03. Still, a court may expand the scope of the stay to include third parties under various circumstances. *See id.* In particular, and as pointed out by plaintiff, courts have held that fraudulent-transfer claims against the transferee may be stayed where the transferor files a bankruptcy petition. *See, e.g., In re Mortgage America Corp.*, 714 F.2d 1266, 1275 (5th Cir. 2012); *In re Colonial Realty Co.*, 980 F.2d 125, 130-32 (2d Cir. 1992); *NLRB v. Martin Arsham Sewing Co.*, 873 F.2d

884, 888 (6th Cir. 1989). Here, the remaining defendants are alleged to be the transferees of a fraudulent transfer, while the debtors are the alleged transferors. Accordingly,

ORDER

IT IS ORDERED that the remaining two defendants, Patrick Joseph Place and Brian Scott Swanson, are also DISMISSED WITHOUT PREJUDICE, subject to its reopening and tolling of any applicable statutes of limitations if all issues have not been fully addressed upon the completion of the bankruptcy proceedings.

Entered this 20th day of April, 2020.

BY THE COURT:

/s/

WILLIAM M. CONLEY
District Judge